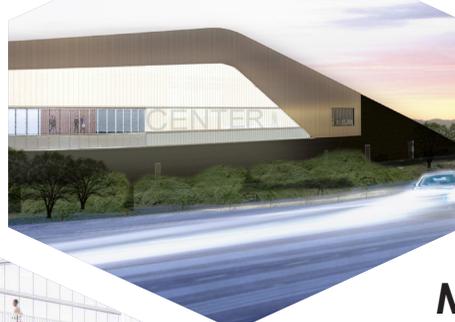


POPULAR ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDING DEC. 31, 2014

City of Maryland Heights, MO

30
YEARS
1985 - 2015



MAYOR

Michael Moeller

CITY COUNCIL

Ward One: Ken Gold, Don Hunt

Ward Two: Kim Baker, Ed Dirck

Ward Three: Chuck Caverly,
Mike Hachmeister

Ward Four: Jim Carver, Norm Rhea

CITY ADMINISTRATOR

Mark M. Levin

FINANCE DIRECTOR

David V. Watson

The City of Maryland Heights provides a full range of municipal services, including police, planning and zoning, code enforcement, public works, parks and recreation and general administration.

BACKGROUND

The information contained here is taken from the City's Comprehensive Annual Financial Report (CAFR) and is presented for the purpose of communicating the City's financial position to our taxpayer. All general government activities are included with the exception of Tax Increment Financing (TIF) funds, which do not reflect services provided by the City.

The CAFR provides more detailed information and includes an audit from an independent firm of licensed certified public accountants. The CAFR is prepared in accordance with Accounting Principles Generally Accepted in the United States of America. Copies of the 2014 CAFR are available at www.marylandheights.com/2014CAFR or at the Government Center.

LOCAL ECONOMY

Maryland Heights is a suburban community located in northwest St. Louis County with a diverse economic base represented by a mixture of many industries, numerous commercial enterprises, office buildings, and support services. The travel and hospitality industry has a major impact on our City's economy and service demands. Many firms have located in the city, creating a healthy mixture of commerce. Prominent names include Edward Jones, Monsanto, Magellan Behavioral Health, Watlow Electric, Monsanto, Worldwide Technologies and United Healthcare of the Midwest.

OVERALL FINANCES

The 2014 financial results of the City of Maryland Heights for general government purposes were as follows (in thousands):

Revenues	\$33,210,000
Other sources	33,000
Expenditures	(34,053,000)
Difference	(\$810,000)

The City expended \$810,000 more than received in 2014. Of the \$34.1 million of expenditures, the City invested \$7.5 million on long lasting capital assets including infrastructure (roads, bridges, storm sewers) improvements.

REVENUES

City revenues decreased 5.2 percent in 2014 from 2013. The most significant changes:

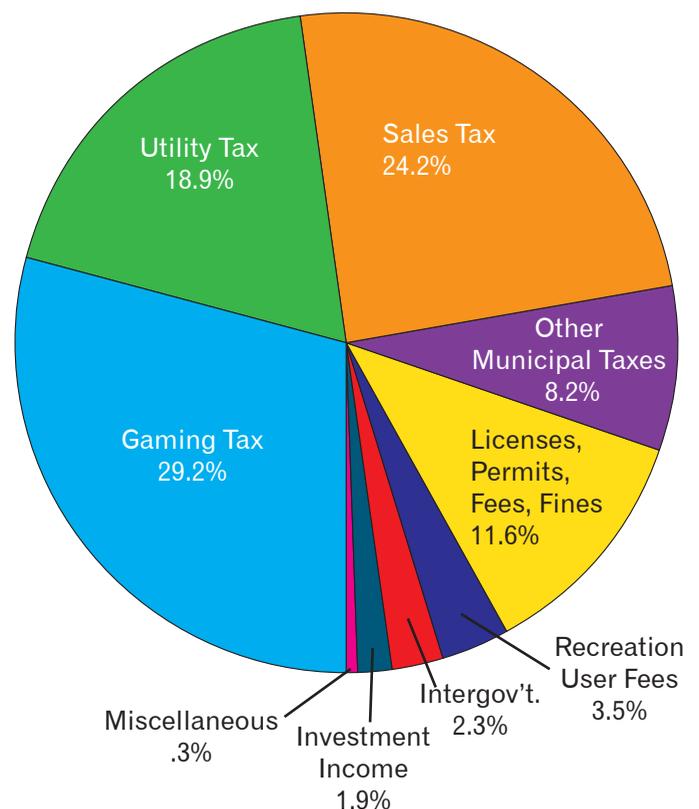
- Gaming tax revenues decreased by \$1.3 million (11.7%); this is attributable to increased competition in the casino market and a regional decline in gambling activity.
- Grants and reimbursements for specific infrastructure projects decreased by \$1.3 million (62.2%).
- Investment income increased by \$612,000 primarily due to market conditions of securities held by the City. A decrease in interest rates at year-end caused

a significant increase in the value of some holdings. The City plans to hold the investments to maturity.

- Miscellaneous income in 2012 and 2013 reflect the proceeds from insurance settlements resulting from damage incurred to city-owned vehicles and facilities from a major hailstorm in April of 2012. The 2014 total of \$103,000 reflects the normal level.
- Sales taxes increased 10.4% (\$758k) in 2014 having now returned to pre-recessionary (2008) levels.
- Other municipal taxes increased 6.8% (\$172k) in 2014 primarily due to an increase in the annual sewer lateral fee from \$28 per household to \$50.

<i>In thousands of dollars</i>	2012	2013	2014
Gaming tax	\$11,987	\$10,992	\$9,705
Utility tax	5,986	6,249	6,270
Sales tax	7,157	7,275	8,033
Other municipal taxes	2,572	2,544	2,716
Licenses, permits, fines, fees	3,920	3,947	3,855
Recreation user fees	1,194	1,163	1,146
Intergovernmental	1,410	2,028	766
Investment income	427	4	616
Miscellaneous	653	833	103
Total revenue	\$35,306	\$35,035	\$33,210

REVENUE BY SOURCE

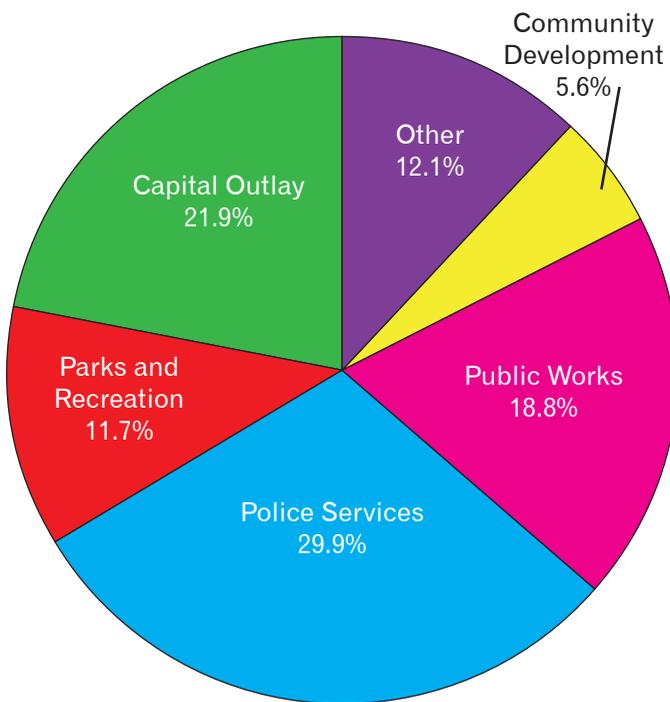


EXPENDITURES

Total expenditures increased 1.9% in 2014 from 2013 primarily the result of an across-the-board salary increase of 2% effective at the beginning of the year. Other expenditures were largely unchanged from 2013, including the City's investment of \$7.5 million in various infrastructure projects, equipment and design of the new community center.

<i>In thousands of dollars</i>	2012	2013	2014
Legislative	\$146	\$155	\$150
General services	1,495	1,579	1,769
Finance	1,253	1,413	1,513
Judicial	405	368	350
Human services	346	304	323
Community development	1,782	1,838	1,912
Public works	6,195	6,270	6,401
Police services	9,854	9,980	10,189
Parks and recreation	3,734	3,949	3,992
Capital outlay	7,609	7,560	7,454
Total expenditures	\$32,819	\$33,416	\$34,053

EXPENDITURES BY FUNCTION



FUND BALANCES AT DEC. 31, 2014

Funds totaling \$57.8 million were available at year end. The City maintains an accounting system that separates resources into various funds based on the restricted or committed use of the monies.

Included in these amounts are commitments for future contracts ("encumbrances") and other specific future

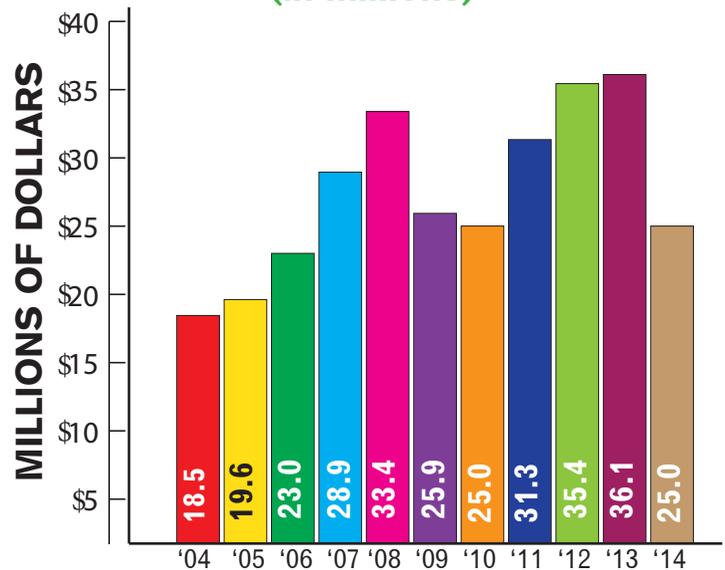
uses of fund resources (e.g., prepaid expenses). These portions of fund balances total \$1.9 million and include \$1.1 million in capital projects under way at year end.

UNASSIGNED GENERAL FUND BALANCE

The General Fund is the City's major operating fund. It is used to account for all financial resources except those that are required to be accounted for in another fund. The unassigned fund balance of the General Fund at the end of the year represents funds available that the City can use for any of its purposes. The City's goal is to maintain an unassigned General Fund balance equal to 75% of annual General Fund expenditures (\$16.5 million). At the end of 2014, this balance was \$25 million.

The unassigned General Fund balance decreased by \$11.1 million in 2014 primarily due to the adoption of the 2015 budget that reflects the planned use of existing funds to finance part of the cost of the new community center (discussed below).

Unassigned General Fund Balance 2004 – 2014 (in millions)



NEW COMMUNITY CENTER PLANS

The City's capital improvement plan (CIP) for the five years 2015 to 2019 projects investment in infrastructure improvements, major equipment, and facilities of about \$54 million. Included in the CIP is the planning, design and construction of a new community center. During 2014, most of the design phase was completed. The construction is scheduled for 2015 through the middle of 2016. The current plan calls for a \$30 million facility that includes various recreation and leisure activities. In January 2015, the City issued \$15 million in debt and will finance the remainder from the General Fund.

MISCELLANEOUS STATISTICAL DATA

Date of incorporation: May 9, 1985

Government: Mayor/Council/City Administrator

Area: 23.42 square miles

Miles of streets (center line): 97.12 (city maintained)

Miles of city-maintained sidewalks: 87.6

Number of street lights: 1,961

Total employees, full-time: 199

Commissioned officers: 79

Dispatchers: 10

City-imposed tax rates:

Utility/Gross Receipts Tax: 5.5%

Property Tax: None

Sales Tax: 0.5%

Issuer Credit Rating (S&P): AA+

DEMOGRAPHIC DATA

Population: 27,472

Registered voters: 16,395

Median household income: \$56,199

Per capita income: \$29,587

Median value of owner-occupied housing: \$140,000

Unemployment rate: 4.8%

2014 IN REVIEW

This past year was a good year for the City. Numerous projects were completed and major advancements were made in all service areas.

Public Works

- Significant capital improvements were completed including:
 - Reconstruction of Reading Ave.
 - Sidewalk construction in portions of the Arrow Heights and Voshen Park subdivisions
 - Galaxy Pl. stormwater project

Planning and Zoning/Building and Codes

- Reorganization of the department to enhance customer service
- Completion of the Dorsett Road Great Streets planning study, as well as initial implementation

Parks and Recreation

- Completion and opening of the McKelvey Woods Trail, phase 1
- Installation of spray pads at Eise and Vago Parks
- Rehabilitation of the Parks Maintenance Facility
- Completion of the design phase of the new community center, pictured on the PAFR cover

AWARD FOR OUTSTANDING ACHIEVEMENT IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Maryland Heights for its Popular Annual Financial Report for the year ended December 31, 2013. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

City of Maryland Heights Missouri

For its Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Jeffrey R. Ennis
Executive Director/CEO